

Message Text

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E.O. 11652: N/A

TAGS:ETRD,AR

SUBJ: COUNTERVAILING DUTY PROCEEDINGS - ARGENTINE

REF: (A) BA 4775; (B) STATE 134212

1. FOLLOWING IS AUTHORIZED PRESS GUIDANCE WHICH IS TO BE
USED ON IF-ASKED BASIS ONLY.

QUESTION: THE U.S. TREASURY DEPARTMENT HAS ANNOUNCED THE
INITIATION OF PROCEEDINGS WHICH MAY RESULT IN THE IMPOSI-
TION OF A COUNTERVAILING DUTY ON IMPORTED SHOES FROM
ARGENTINA. WOULD YOU GIVE US THE DETAILS BEHIND THIS
ACTION?

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ANSWER: THE U.S. TREASURY ANNOUNCED THE INITIATION OF A

FORMAL INQUIRY INTO CHARGES THAT EXPORTS TO THE U.S. BY THE ARGENTINE SHOE INDUSTRY ARE BEING SUBSIDIZED BY THE GOVERNMENT OF ARGENTINA. THE CHARGES WERE BROUGHT BY THE AMERICAN FOOTWEAR INDUSTRY ASSOCIATION. IF SUCH SUBSIDIES ARE DETERMINED TO BE BOUNTIES OR GRANTS BY TREASURY, THEN APPLICABLE U.S. LAW REQUIRES THE SECRETARY OF TREASURY TO ASSESS A COUNTERVAILING DUTY. THIS IS TRUE OF ALL MERCHANDISE IMPORTED INTO THE UNITED STATES, NOT JUST SHOES FROM ARGENTINA, WHICH ARE SUBSIDIZED BY FOREIGN GOVERNMENTS. IT HAS BEEN IN EFFECT FOR MANY YEARS AND WAS DESIGNED SOLELY TO REMOVE THE EFFECTS OF UNFAIR COMPETITION WHICH ARISE WHEN SUBSIDIES ARE PAID. I WOULD EMPHASIZE THAT THE ANNOUNCEMENT OF PROCEEDINGS DOES NOT NECESSARILY MEAN COUNTERVAILING DUTIES WILL BE IMPOSED. INTERESTED PARTIES, INCLUDING THE GOVERNMENT OF ARGENTINA, WILL STILL HAVE 30 DAYS TO SUBMIT WRITTEN COMMENTS IN REFUTATION OF THE CHARGES BROUGHT BY THE U.S. SHOE INDUSTRY. THE TREASURY WILL EXAMINE THESE COMMENTS AS WELL AS ALL OTHER EVIDENCE OBTAINED DURING THE INQUIRY BEFORE DECIDING WHETHER A COUNTERVAILING DUTY SHOULD BE IMPOSED. ANY SUCH DUTY WOULD BE EQUIVALENT TO THE AMOUNT OF THE SUBSIDY.

QUESTION: DOESN'T THIS ACTION CONFLICT WITH THE DECLARATION OF TLATELOLCO, UNDER WHICH THE U.S. PLEDGED TO QUOTE AVOID AS FAR AS POSSIBLE THE IMPLEMENTATION OF ANY NEW MEASURES THAT WOULD RESTRICT ACTIONS TO THE U.S. MARKET? UNQUOTE.

ANSWER: THE U.S. PLEDGE IN THE DECLARATION OF TLATELOLCO OBVIOUSLY DOES NOT MEAN THAT WE COULD ACCEPT UNFAIR PRICING PRACTICES WHICH ARE CONTRARY TO U.S. LAW. THE PURPOSE OF A COUNTERVAILING DUTY INQUIRY IS NOT TO RESTRICT ACCESS TO THE U.S. MARKET. THE U.S. WILL NOT LIMIT ACCESS TO U.S. MARKETS WHERE CONDITIONS OF FAIR COMPETITION EXIST. A COUNTERVAILING DUTY WILL BE IMPOSED ONLY IF THE INQUIRY INDICATES CLEARLY THAT EXPORTS GRANTED BY A FOREIGN GOVERNMENT WILL GIVE FOREIGN SUPPLIERS AN UNFAIR COMPETITIVE ADVANTAGE IN THE U.S. MARKET.

QUESTION: WHAT PERCENTAGE OF THE U.S. MARKET DO SHOE LIMITED OFFICIAL USE

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IMPORTS REPRESENT?

ANSWER: IN 1967 IMPORTED SHOES ACCOUNTED FOR 18 PERCENT OF THE U.S. MARKET. IN 1973 THAT PERCENTAGE HAD INCREASED TO OVER 39 PERCENT. IN 1968, 215,000 WORKERS WERE EMPLOYED IN THE U.S. SHOE INDUSTRY. IN 1973, 172,000 WORKERS WERE SO EMPLOYED. THIS REPRESENTS A DECLINE OF OVER 20 PERCENT IN EMPLOYMENT IN A FIVE-YEAR PERIOD. U.S. DOMES-

TIC PRODUCTION HAS DECLINED FROM 639 MILLION PAIRS IN 1968
TO 525 MILLION PAIRS IN 1973, A DECREASE OF OVER 17 PER-
CENT. KISSINGER

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